

Week - 10

2

MONDAY
2022 MAY

Consumer Choice Models

2022 APRIL

S	M	T	W	T	F	S
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

Conjoint Analysis

WEEK 19
122-243

A consumer thinking process

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- Consider a consumer comparing four products
- We have data for two attributes on these variants.
- We also have consumer choices data available for us.

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We wish to know:

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- How important each attribute is to the consumer?
- What are the attribute values of the "ideal" product (from the perspective of the consumer)?

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Example

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Attribute 1

Attribute 2

Product 1

1.5

12

Product 2

10

8

Product 3

2.3

4

Product 4

1

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JUNE 2022

M	T	W	T	F	S	S
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

TUESDAY
MAY 2022

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WEEK 19
123-242

Pairs	Pairwise Preferences	Preference Data	Over
(1,2)	1		2
(1,3)	1		3
(1,4)	4		1
(2,3)	2		3
(2,4)	2		4
(3,4)	4		3

11

- The commodity could be potato chips; and the two attributes could be crispiness and quantity in a pack.
- The consumer is comparing four different products available in the market.
- Consumer provides her choices - the choices may be pairwise, or just preferences scores for each of the brands/products.
- The marketer would like to know how important crispiness and quantity are, to this consumer (weights attached by the consumer while providing the choices).
- Using this information, can the marketer build the "ideal" chips packet that would be most preferred by this consumer?



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WEDNESDAY

2022 MAY

WEEK 19
124-241

2022 APRIL

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Conjoint Analysis

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- Conjoint Analysis means an analysis of features considered jointly.
- Conjoint Analysis has its origins from a research article published in the Journal of Mathematical Psychology in 1964.
- Family of techniques that model choice of decomposing overall preference or evaluation in terms of the relative values of the components or attributes to respondents.
- Conjoint Analysis, in the sense of optimization, can also be used to arrive at the "best product".

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JUNE 2022

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THURSDAY

MAY 2022

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WEEK 19
125-240

Forms of Conjoint Analysis

- **Choice-Based Conjoint (CBC) analysis** - most commonly used form of the conjoint analysis. The customer chooses their most preferred full-profile product amongst a set of 3-4 options provided.
- **Adaptive Conjoint Analysis (ACA)** - Each customer asked different set of questions which are dynamically decided based on their responses.
- **Full-profile Conjoint Analysis** - Full suite of options are presented to the consumer, and their preference is sought on these.
- **Menu-based Conjoint Analysis** - The customer is shown a list of attributes (and their levels) with associated prices. The customer then chooses what they want in their ideal product. They also need to pay attention to the price in their decision.

Applications of conjoint analysis

Marketing

- Once the attributes most preferred by consumers are known, these can be highlighted in all the communication channels (such as advertising, promotion, etc).
- Consumers may differ in their choices of preferred attributes, and hence conjoint analysis can help in segmenting the market.

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FRIDAY
2022 MAYWEEK 19
126-239

2022 APRIL

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Product development

- Once the preferred attributes are known, the product development team can focus on refining these attributes and developing something that the consumers would like.
- Even at the initial development stage, the choice of attributes to focus on can be narrowed down using Conjoint analysis on the products available in the market.

Pricing

- Through Conjoint analysis, the most preferred attributes are highlighted.
- The organization can thus decided to price the product based on the level of attribute present in that variant.
- Conjoint Analysis may also reveal consumer's willingness-to-pay (WTP) for particular attributes.

The process

- By defining products as collections of attributes and having the individual consumer react to a number of alternatives...

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SATURDAY
MAY 2022

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WEEK 19
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- One can infer each attribute's
 - a) importance, and
 - b) most desired level for each customer

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SUNDAY

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